THIRTY-SEVENTH ANNUAL REPORT

2010

(Fiscal Year ended June 30th)

The Law Foundation of Saskatchewan

THE LAW FOUNDATION
(www.lawfoundation.sk.ca)

The Law Foundation of Saskatchewan
37th Annual Report for the Year Ended June 30, 2010
to the Honourable Minister of Justice of Saskatchewan
and to the Law Society of Saskatchewan,
pursuant to Section 70 of The Legal Profession Act, 1990,
and amendments thereto

The Law Foundation of Saskatchewan was established in 1971. The legislative purpose of the Foundation is to establish and maintain a fund to be used for legal education, legal research, legal aid, law libraries and law reform. The Foundation's funds consist of interest earned on trust funds on deposit in lawyers mixed trust accounts and the investment income earned on those funds. All such trust funds accrue interest at rates negotiated between the Law Foundation and the various financial institutions where lawyers maintain trust accounts. Most financial institutions reduced their interest floor rates to an all time low of .25% due to the international financial crisis. During the year ended June 30, 2010, the total amount of interest earned on lawyers mixed trust accounts and paid to the Foundation was $1,552,385. Investment income was $398,667. The income was substantially reduced due to lower interest rates.

Since its inception, the Foundation has received total income of $72,909,060 and made grants totaling $60,462,160. The financial statements reflect $6,795,000 in Allocated revenue, to be used for specific future grants identified by the Foundation. The account was reduced by $100,000 during the year.

The Grant Stabilization Reserve of $3,500,000 is intended to be used in years when interest earned on Lawyers' mixed trust accounts and investments is insufficient to fund the core grantees of the Law Foundation who rely on the Foundation for their primary funding.

The major beneficiaries of the Law Foundations' funds for the year ended 30th June 2010 were the following:

- **Public Legal Education Association**
- **Law Society of Saskatchewan Libraries**
- **Pro Bono Law Saskatchewan**
- **Community Legal Assistance Services for Saskatoon Inner City Inc. (CLASSIC)**
- **Canadian Centre for Professional Legal Education**
- **Native Law Centre, University of Saskatchewan**
- **Law Reform Commission of Saskatchewan**
- **College of Law, University of Saskatchewan, Law Foundation of Saskatchewan Endowment Fund**
- **Elizabeth Fry Society of Saskatchewan**
- **Saskatoon Sexual Assault & Information Centre**
- **Aboriginal Family Court Workers**
- **Saskatchewan Elocution and Debate Association**
- **Salvation Army Positive Lifestyles**
- **Saskatchewan Right to Know Week**

An itemized list of all grants authorized by the Law Foundation during 2009-10 fiscal year totaling $1,993,800 is on Schedule "1" of the Financial Statements attached.

Recent major one time grants include: the establishment of the Saskatchewan Legal Aid Law Foundation of Saskatchewan Endowment Fund with a initial contribution of $1,100,000, a Chair in Police Studies at the University of Regina with a grant of $750,000, a major grant of $3,250,000 made to the University of Saskatchewan, College of Law, Law Foundation of Saskatchewan Endowment Fund, a grant of $2,500,000 to the University of Regina, Law Foundation of Saskatchewan Endowed Chair in Police Studies, and an additional $1,000,000 grant to the Legal Aid Association of Saskatchewan, Law Foundation of Saskatchewan Endowment Fund for a total current Endowment of $2,100,000.

The Law Foundation meets on a quarterly basis. As Chair, Ms. C. Knox attended the October 2010 annual meeting of the Canadian Association of Law Foundations held in Halifax, Nova Scotia, with Bob Watt, FCA, Treasurer. At the annual meeting, the Canadian Law Foundations discussed projects of a national scope and other matters of mutual interest. Representatives of the Saskatchewan Law Foundation continually emphasize the national importance of the Native Law Centre at the University of Saskatchewan and request the ongoing and increased support of the other Foundations for this project.

Gordon Wicijowski, LLD, FCA, retired as Treasurer effective June 30, 2010. Bob Watt, FCA was appointed Treasurer effective July 1, 2010. Lana Krogan-Stevely was appointed a member on September 15, 2010.

The Legal Profession Act was amended in May 2010 to allow for an additional two members to the Foundation for a total of nine members.

I am very pleased to have served with the current members of the Law Foundation: Appointed by the Law Society of Saskatchewan are: Catherine Knox (Chair), Patricia Quaroni (Vice-Chair), John McIntosh, Q.C., Robert Gibbings, Q.C., and Lana Krogan-Stevely. Government appointments by the Saskatchewan Ministry of Justice are: Gerald Tegart, Q.C., Deputy Attorney General, Ministry of Justice, Bob Watt, F.C.A. (Treasurer) and Alma Wiebe, Q.C. The Secretary is Robert Arscott, F.C.A.

We are very privileged that the citizens of Saskatchewan allow us to use interest on their trust funds for what we consider to be worthy projects that enhance our community.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated at Regina, Saskatchewan, this 22nd day of November, 2010.

Catherine Knox
Chair

The Law Foundation of Saskatchewan
6th September 2010

Front: A. Wiebe, G. Wicijowski, C. Knox
Back: B. Watt, J. McIntosh, G. Tegart, B. Arscott, R. Gibbings
(*absent:* P. Quaroni)

Financial Statements of

LAW FOUNDATION OF SASKATCHEWAN

30th June 2010

Deloitte

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AUDITORS' REPORT

To the Members of
The Law Foundation of Saskatchewan

We have audited the statement of financial position of The Law Foundation of Saskatchewan as at June 30, 2010 and the statements of revenue, expenditures, grants and unallocated revenue and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2010 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Saskatchewan
September 17, 2010

LAW FOUNDATION OF SASKATCHEWAN

STATEMENT OF FINANCIAL POSITION
30th JUNE 2010

	2010	2009
ASSETS		
Cash	$ 58,986	$ -0-
Cash held by investment dealer	7,588	226,322
Accounts receivable	3,500	-0-
Interest receivable from solicitors' trust accounts	278,307	241,380
Investments (Note "3")	11,924,026	13,871,411
	$12,272,407	$14,339,113
LIABILITIES, RESERVE, ALLOCATED AND UNALLOCATED REVENUE		
Cash less outstanding cheques	$ -0-	$ 1,045,020
Accounts payable	2,000	-0-
Grants payable	1,961,625	2,870,958
	1,963,625	3,915,978
Grant stabilization reserve (Note "2")	3,500,000	3,500,000
Allocated revenue (Note "2")	6,795,000	6,895,000
Unallocated revenue	13,782	28,135
	10,308,782	10,423,135
	$12,272,407	$14,339,113

On behalf of the Foundation:

Catherine Knox Chairperson

Robert Watt Treasurer

LAW FOUNDATION OF SASKATCHEWAN

STATEMENT OF REVENUE, EXPENDITURES, GRANTS, AND UNALLOCATED REVENUE
FOR THE YEAR ENDED 30th JUNE 2010

		2010		2009
REVENUE:				
Interest from lawyer's mixed trust accounts		$ 1,552,385		$ 2,684,105
Interest earned on investments		398,667		666,667
Unclaimed lawyers trust accounts		-0-		28,610
Miscellaneous		626		-0-
		1,951,678		3,379,382
EXPENDITURES:				
Administrative				
Foundation members				
- per diem	$ 32,300		$ 33,125	
- meetings				
- regular	8,144		7,438	
- special	4,796		6,285	
Office, postage, stationery, telephone	19,018		18,363	
Office of the Secretary	105,867		102,786	
Professional fees	6,996		5,830	
		177,121		173,827
EXCESS OF REVENUE OVER EXPENDITURES BEFORE GRANTS		1,774,557		3,205,555
GRANTS AUTHORIZED (Schedule "1")		(1,993,800)		(3,800,360)
GRANTS RECOVERED		104,890		44,290
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND GRANTS FOR THE YEAR		(114,353)		(550,515)
TRANSFER FROM ALLOCATED REVENUE		100,000		550,000
UNALLOCATED REVENUE, BEGINNING OF YEAR		28,135		28,650
UNALLOCATED REVENUE, END OF YEAR		$ 13,782		$ 28,135

LAW FOUNDATION OF SASKATCHEWAN

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th JUNE 2010

	2010	2009
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Excess (deficiency) of revenues over expenditures and grants	$ (114,353)	$ (550,515)
Items not involving cash:		
Unrealized gain (loss) on investments	26,695	(109,200)
Change in non-cash working capital items:		
Accounts receivable	(3,500)	4,500
Interest receivable from solicitors' trust accounts	(36,927)	(17,068)
Accounts payable	2,000	-0-
Grants payable	(909,333)	(2,951,160)
	(1,035,418)	(3,623,443)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchases of investments	(5,916,030)	(8,472,113)
Proceeds on disposal of investments	7,836,720	10,283,950
	1,920,690	1,811,837
INCREASE (DECREASE) IN CASH	885,272	(1,811,606)
CASH POSITION – BEGINNING OF YEAR	(818,698)	992,908
CASH POSITION – END OF YEAR	$ 66,574	$ (818,698)
CASH CONSISTS OF:		
Cash	$ 58,986	$ -0-
Cash held by investment dealer	7,588	226,322
Cash less outstanding cheques	-0-	(1,045,020)
	$ 66,574	$ (818,698)

LAW FOUNDATION OF SASKATCHEWAN

NOTES TO THE FINANCIAL STATEMENTS
30TH JUNE 2010

1. NATURE OF THE FOUNDATION

The Law Foundation of Saskatchewan (the "Foundation") is established under the *Legal Profession Act of Saskatchewan*. The purpose of the Foundation is to establish and maintain a fund to be used for the purposes of legal education, legal research, legal aid, law libraries and law reform. The Foundation is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles required management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the estimates.

Investments

Investments are classified as held for trading and measured at fair value.

Grants

Grants are expensed at the time they are authorized by the Foundation.

Grant Stabilization Reserve

The Reserve is to provide protection for continuing grants in the event of future revenue reductions.

Allocated Revenue

Allocated revenue consists of funds that have been allocated for specific purposes.

Interest

Interest income is recorded as earned from client trust accounts of the members of the Law Society of Saskatchewan.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial Instruments

The Foundation's financial instruments consist of cash, cash held by investment dealer, cash less outstanding cheques and investments classified as held for trading; interest receivable from solicitors' trust accounts classified as loans and receivables; accounts payable and grants payable classified as other liabilities. Unless otherwise indicated, it is management's opinion that the Foundation is not exposed to significant currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise disclosed in these financial statements. The Foundation records transactions based on the trade date.

The Foundation is exposed to interest rate risk arising from fluctuations in interest rates and the degree of volatility in these rates. The Foundation does not use derivative instruments to reduce the exposure to risk.

The Foundation has elected to continue to apply CICA Handbook Section 3861 Financial Instruments – Disclosure and Presentation.

Financial assets and financial liabilities are recorded on the statement of financial position when the Foundation becomes party to the contractual provisions of the financial instrument. Financial instruments are classified according to their characteristics, management objectives or the choice of category in certain circumstances.

All financial assets are classified as held for trading, held to maturity, loans and receivables or available for sale. Held for trading financial assets are carried at fair value with unrealized gains and losses included in revenues. Loans and receivables and other liabilities are recorded at amortized cost using the effective interest method. Financial liabilities are classified as held for trading or other liabilities. Any financial asset or financial liability may be designated as held for trading upon initial recognition.

All financial instruments are required to be measured at fair value upon initial recognition. Measurement in subsequent periods is dependent on the instrument's classification. Transaction costs are capitalized on initial recognition, except for financial instruments designated as held for trading in which the transaction costs are expensed.

NOTES TO THE FINANCIAL STATEMENTS
30TH JUNE 2010

3. LONG TERM INVESTMENTS

	2010			2009		
	Fair value	Cost	Yield	Fair value	Cost	Yield
Provincial bonds						
1-3 years	$ 804,912	$ 755,342	3.99%	$ 1,021,307	$ 957,533	3.91%
4-7 years	1,438,664	1,403,269	3.17%	420,412	399,999	3.98%
Corporate bonds						
1-3 years	1,570,742	1,502,823	4.60%	2,195,080	2,090,949	4.41%
4-7 years	698,973	692,061	3.37%	600,820	606,318	4.65%
Guaranteed investment certificates						
1-3 years	5,538,841	5,459,447	2.88%	7,935,603	7,820,000	2.71%
4-7 years	1,830,466	1,785,000	3.56%	1,508,126	1,455,000	4.62%
Savings accounts	41,428	41,428	2.02%	190,063	190,063	2.29%
	$ 11,924,026	$ 11,639,370		$ 13,871,411	$ 13,519,862	

Fair value includes accrued interest of $169,211 (2009 - $218,454).

The Foundation's investments have maturity dates ranging from August 2010 to December 2015 (2009 – July 2009 to February 2014).

4. CAPITAL

The Foundation's capital consists of its grant stabilization reserve, allocated revenue and unallocated revenue. The Foundation budgets annually for sufficient capital to meet operating requirements. The Foundation is not subject to significant restrictions related to capital, except as otherwise disclosed in these financial statements.

5. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation in the current year.

LAW FOUNDATION OF SASKATCHEWAN

GRANTS AUTHORIZED
FOR THE YEAR ENDED 30th JUNE 2010

SCHEDULE "1"

	2010	2009
Law Society of Saskatchewan Libraries – Annual	$ 679,300	$ 727,000
Public Legal Education Association – Annual	526,800	526,800
Pro Bono Law – Saskatchewan – Annual	220,000	220,000
Aboriginal Family Court Workers	108,460	-0-
Canadian Centre for Professional Legal Education 2010	101,756	-0-
College of Law - Law Foundation of Saskatchewan Endowment Fund	100,000	100,000
Native Law Centre – Annual	82,000	89,600
Elizabeth Fry Society of Saskatchewan – Annual	68,714	68,714
Law Reform Commission of Saskatchewan – Annual	50,000	60,000
Environmental Law Centre	26,195	-0-
Saskatoon Sexual Assault and Information Centre – Annual	10,400	13,000
Saskatchewan Elocution and Debate Association 2010 – Annual	10,000	10,000
Salvation Army Positive Lifestyles – Annual	3,500	5,000
CBA Saskatchewan Branch Law Day 2010 – Annual	3,375	-0-
Saskatchewan Right to Know Week	3,300	3,300
Saskatchewan Legal Aid Commission - Endowment	-0-	1,000,000
Saskatchewan Legal Aid Commission - Case Management	-0-	535,000
Saskatchewan Legal Education Society Inc. - Annual	-0-	204,334
Federation of Saskatchewan Indian Nations	-0-	80,000
College of Law Exchanges and Internship	-0-	50,000
Queens Bench Rules and Self Help Materials	-0-	42,500
Law Society Libraries - Digitizing Continuing Legal Education Resource Material	-0-	17,670
Saskatchewan Farm Securities Act	-0-	16,000
Elizabeth Fry Society of Saskatchewan - Research Pine Grove	-0-	15,925
Court of Appeal - Annotated Rules	-0-	10,000
CBA Saskatchewan Branch Law Day 2009 - Annual	-0-	4,715
Saskatchewan Elocution and Debate Association - Camera	-0-	802
	$1,993,800	$3,800,360